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UNITED STATES DEPARTMENT OF AGRICULTURE  
PRODUCTION AND MARKETING ADMINISTRATION  
DAIRY BRANCH

I N S E R T S  
for  
SUMMARIES  
of  
FLUID MILK MARKETING ORDERS  
Revised to March 1, 1950,  
and

Federal Register Citations  
for the Milk Price Orders



The attached are inserts to be substituted for the corresponding pages in the Summaries of Fluid Milk Marketing Orders, April 1, 1948, and Federal Register Citations for the Milk Price Orders. These inserts revise the Federal orders as effective on March 1, 1950. The last insert was issued on January 1, 1950.



classification is based on the form held at, or moved from, the plant to which it is shipped (without limit on the number of interplant movements which may take place in these forms prior to classification), subject to special conditions specified in the order.

Class I-A - Milk, fluid milk products, and cultured or flavored milk drinks containing 3.0 percent to 5.0 percent of butterfat (except those classified in I-B or I-C) and all milk the classification of which is not otherwise established.

Class I-B - All Class I-A products delivered to a plant or purchaser in an area regulated by another Federal order.

Class I-C - All Class I-A products which are delivered to a plant or purchaser in an area not under Federal regulation.

Class II - Cream, sweet or sour, fluid cream products, and cultured or flavored milk drinks containing less than 3.0 percent or more than 5.0 percent of butterfat sold in the marketing area, except products classified in another class.

Class III - All other products not specifically mentioned in some other class.

Class Prices (3.5 percent butterfat):

Class I-A - Price is computed in accordance with the following formula:

- (1) Multiply a base price of \$5.66 by the monthly wholesale price index for all commodities in the second preceding month as reported by the Bureau of Labor Statistics, United States Department of Labor (1948 equals 100, i.e., the index with 1926 as base period divided by 164.9).
- (2) Determine monthly "utilization percentages" as follows:  
  
Calculate the percentage that the volume of milk in Classes I-A, I-B, and I-C was of the total volume of reported receipts of milk from producers and from unrevealed sources for each of the 36 months for a three year period ending with the second preceding month.
- (3) Calculate the average of the 36 utilization percentages.
- (4) Calculate the average of the 6 utilization percentages for the second and third preceding months and for the same months of the two preceding years.



- (5) Divide the results determined under (4) by the result determined under (3).
- (6) Calculate the average of the utilization percentages for the second and third preceding months.
- (7) Divide the result pursuant to (6) by the result pursuant to (5). Express the result to 1 decimal place and add 100.
- (8) Subtract the figure 63.6 from the result of (7).
- (9) Multiply the result of (8) by the result of (1).
- (10) To obtain the Class I price for each month multiply the result of (9) by the following seasonal adjustment factors:

January .....	1.05	July .....	0.95
February ....	1.03	August .....	1.00
March .....	1.00	September ....	1.04
April .....	.94	October .....	1.07
May .....	.88	November .....	1.09
June .....	.88	December .....	1.07

For the months specified, the Class I price shall not be less than the following:

March 1950 -	\$4.80
April 1950 -	4.58
May 1950 -	4.36
June 1950 -	4.14
July 1950 -	4.58

Further adjustment equal to any amount by which the 201-210 mile zone price for Class I milk under the Boston order is higher or lower than the following prices is added or subtracted for the months specified:

March 1950 -	\$4.99
April 1950 -	4.55
May 1950 -	4.55
June 1950 -	4.55
July 1950 -	4.99

When certain relationships are not maintained for a period of three months between the index of wholesale commodity prices or Class I prices and an index of cost of production or prices paid at 18 condenseries (see Chicago order for list) the Secretary must announce a public hearing to reconsider Class I prices or he must give his reasons for not doing so.



1. The first part of the report  
describes the general situation  
of the country and the  
main features of the  
economy and the  
social structure.

2. The second part of the report  
describes the main features of the  
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describes the main features of the  
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Class Prices (3.5 per cent butterfat):

A basic formula price is used for Class I and Class II. The basic formula price is the higher of Class III or Class IV price for the preceding month.

Class I - Basic formula price plus 50 cents for May and June; plus 90 cents for August, September, October, and November; and plus 70 cents for other months.

Class II - Basic formula price plus 30 cents for May and June; plus 50 cents for August, September, October and November; and plus 40 cents for other months.

Class III - The highest price resulting from the following three formulae (except that evaporated and condensed milk and whole milk powder are priced under (1) );

- (1) Average of prices for 3.5 per cent milk at the following places:

Borden Company,	Black Creek, Wisconsin
Borden Company,	Greenville, Wisconsin
Borden Company,	Mt. Pleasant, Michigan
Borden Company,	New London, Wisconsin
Borden Company,	Orfordville, Wisconsin
Carnation Company,	Berlin, Wisconsin
Carnation Company,	Jefferson, Wisconsin
Carnation Company,	Chilton, Wisconsin
Carnation Company,	Oconomowoc, Wisconsin
Carnation Company,	Richland Center, Wisconsin
Pet Milk Company,	Sparta, Michigan
Pet Milk Company,	Belleville, Wisconsin
Pet Milk Company,	Coopersville, Michigan
Pet Milk Company,	Hudson, Michigan
Pet Milk Company,	New Glarus, Wisconsin
Pet Milk Company,	Wayland, Michigan
White House Milk Company,	Manitowoc, Wisconsin
White House Milk Company,	West Bend, Wisconsin

- (2) Price per pound of Chicago 92-score butter times 6, plus 2.4 times the price per pound of "Cheddars" at Plymouth, Wisconsin, divided by 7, times 1.3, times 3.5.
- (3) The Class IV price.



Class IV - Price per pound of Chicago 93-score butter (if 93-score butter is not quoted for a day use highest of prices for 92-score) times 4.24, plus 8.2 times price per pound nonfat dry milk solids (spray and roller process, human consumption, at manufacturing plants in the Chicago area) minus 67 cents.

Butterfat Differentials:

Class Prices - None.

Producer Price - Price per pound of Chicago 92-score butter, times 1.2, divided by 10.

Location Differentials:

Class Prices - The location adjustment credit on milk received from producers at a plant beyond 70 miles from Chicago which is either (a) moved as fluid milk or fluid skim milk to a city bottling plant, or (b) classified as Class I milk without being moved as fluid milk or fluid skim milk (except unaccounted for milk) is 2 cents for each 15 miles that the plant is located beyond 70 miles but the total adjustment credit cannot exceed 42 cents per hundredweight.

The location adjustment credit on milk received at a plant beyond 70 miles which is (a) moved as fluid cream to a city bottling or ice cream plant, or (b) which is classified as Class II milk without being moved as cream or milk is as follows:

<u>Distance from the approved plant to the City Hall in Chicago</u> (miles)	<u>Cents per hundredweight</u>
0 to 70	0
70.1 to 85	5
85.1 to 115	10
115.1 to 160	20
160.1 to 220	30
220.1 to 250	35
250.1 to 310	40
310.1 and over	50



Producer Price - Deductions are made on milk received at plants at the rate of 2 cents per hundredweight for each 15 miles or fraction thereof that the receiving plant is more than 70 miles from Chicago.

Method of Accounting for Milk:

Class I computed on a volume basis plus the 3.5 per cent milk equivalent of unaccounted-for butterfat. Class II, Class III, and Class IV computed by converting butterfat used in these classes to 3.5 per cent milk equivalent. Class volumes are reconciled with producer receipts by adding to or subtracting from the lowest-priced milk.

Type of Pool:

Market-wide, monthly pool without base rating plan or new producer clause.

Interhandler Transfers:

Fluid milk or fluid skim milk is Class I and fluid cream is Class II, unless a written statement as to other utilization is made by both buyer and seller.

Outside Purchases:

Deducted in series from each class beginning with lowest priced milk which the handler utilizes. Handler pays into pool the difference between the price for the class from which such milk was deducted and the lowest announced price for the month unless he can prove that use of milk did not violate health regulations.

Outside Sales:

Milk moved as fluid milk to a plant subject to another Federal milk marketing order is Class I. If moved as fluid cream to such a plant it is Class II. If proof is furnished that such classification exceeds the total utilization in such classes of the receiving plant, the excess shall be classified in accordance with actual utilization.

Milk moved as fluid milk or fluid cream to an unapproved plant within an area defined as the "surplus manufacturing area," which plant manufactured butter, cheese (except cottage cheese), evaporated milk, condensed milk, whole milk powder, or ice cream powder, shall be classified in accordance with utilization.





Class Prices (3.5 per cent butterfat):

Basic Formula Price - A basic formula price is used for Class I and Class II. The basic formula price is the higher of the Class III or Class IV price for the preceding month.

Class I and Class II (Grade A) - The basic formula price plus the amount shown below:

<u>Delivery Periods</u>	<u>Class I</u>	<u>Class II</u>
May and June	\$0.50	\$0.30
August through November	.90	.50
All others	.70	.40

Class I and Class II (non-Grade A) - Grade A prices for Class I and Class II milk respectively, minus 10 cents.

Class III - The highest of the prices resulting from the following, except that evaporated milk, condensed milk, and whole milk powder are priced under (a):

- (a) The average of prices paid for 3.5 per cent butterfat milk at 18 plants (see list under Chicago order).
- (b) 92-score butter at Chicago multiplied by 6, plus price per pound of "Cheddars" at Plymouth, Wisconsin, multiplied by 2.4 --  
Divide the above sum by 7, add 30 per cent and multiply by 3.5.
- (c) The Class IV price.

Class IV - Price per pound of Chicago 93-score butter (if 93-score butter is not quoted for a day, use highest of prices for 92-score) times 4.24, plus 8.2 times price per pound nonfat dry milk solids (spray and roller process, human consumption, at manufacturing plants in the Chicago area), minus 67 cents.





Butterfat Differentials:

Class Prices - None.

Producer Price - Price per pound of Chicago 92-score butter, times 1.2, divided by 10.

Location Differentials:

Class I - For milk delivered at plants more than 70 miles from Chicago: 10 cents, plus 2 cents for each 15 miles (or part thereof) that the plant is beyond 70 miles.

Class II - For milk delivered at plants more than 70 miles from Chicago: 10 cents, plus .25 cent for each additional 15 miles (or part thereof) beyond 70 miles. If the actual freight rate (l.c.l. for cream in 40-quart cans) is higher than .25 cent per hundredweight of milk, such actual freight rate shall be allowed up to a maximum of .5 cent.

Producer Price - 12 cents for milk received at plants in 71-85 mile zone, plus 2 cents for each 15-mile zone up to 175 miles, plus .5 cent for each 15-mile zone beyond 175 miles.

Method of Accounting for Milk:

Class I computed on a volume basis plus the 3.5 per cent milk equivalent of unaccounted-for butterfat. Class II, Class III, and Class IV computed by converting butterfat used in these classes to 3.5 per cent milk equivalent. Class volumes are reconciled with producer receipts by adding to or subtracting from the lowest-priced milk.

Type of Pool:

Individual handler, monthly pool, without base rating plan or new producer clause. Separate pools are computed for Grade A and non-grade A milk. Producer milk of each class is pro rated among classes or at plants where complete segregation of each grade of milk is practiced, classification may be in accordance with the actual use of each grade.

Interhandler Transfers:

Fluid milk or fluid skim milk is Class I and fluid cream is Class II, unless a written statement as to other utilization is made by both buyer and seller.



NEW YORK - ORDER NO. 27

<u>Citation</u>	<u>Date Published</u>	<u>Action</u>
14 FR 1466	4/1/49	Order, as amended
14 FR 3443	6/24/49	Order suspending certain provisions
14 FR 4746	7/29/49	" " " "
14 FR 7755	12/29/49	Amendment No. 1
15 FR 1067	2/28/50	Amendment No. 2



OMAHA - ORDER NO. 35

<u>Citation</u>	<u>Date Published</u>	<u>Action</u>
12 FR 2073	3/29/47	Order, as amended
13 FR 9487	12/31/48	Amendment No. 1
14 FR 3231	6/15/49	Amendment No. 2

CHICAGO - ORDER NO. 41

11 FR 9606	8/31/46	Order, as amended
12 FR 3073	5/10/47	Order suspending certain provisions
12 FR 5834	8/30/47	Amendment No. 3
12 FR 7248	11/5/47	Amendment No. 4
13 FR 5905	10/9/48	Order suspending certain provisions
15 FR 1068	2/28/50	Amendment No. 5

NEW ORLEANS - ORDER NO. 42

13 FR 1079	2/28/48	Order, as amended
14 FR 1483	4/1/49	Amendment No. 2
14 FR 5385	8/31/49	Order suspending certain provisions
14 FR 5960	9/30/49	Amendment No. 3





SOUTH BEND-LaPORTE - ORDER NO. 67

<u>Citation</u>	<u>Date Published</u>	<u>Action</u>
12 FR 8016	12/2/47	Order, as amended
13 FR 5905	10/9/48	Order suspending certain provisions

WICHITA - ORDER NO. 68

12 FR 7105	11/1/47	Order, as amended
13 FR 7703	12/14/48	Amendment No. 3

SUBURBAN CHICAGO - ORDER NO. 69

11 FR 11126	10/1/46	Order, as amended
12 FR 6428	9/30/47	Amendment No. 1
13 FR 5905	10/9/48	Order suspending certain provisions
15 FR 1070	2/28/50	Amendment No. 2

CLINTON - ORDER NO. 70

11 FR 2915	3/20/46	Order, as amended
11 FR 6527	6/14/46	Order suspending certain provisions
11 FR 8279	8/1/46	" " " "
12 FR 5037	7/30/47	Amendment No. 1
14 FR 1911	4/21/49	Amendment No. 2

DAYTON-SPRINGFIELD - ORDER NO. 71

14 FR 3444	6/24/49	Order, as amended
14 FR 4857	8/5/49	Order suspending certain provisions



Table No. 1 - Estimated number of producers and estimated volume of pooled milk in Federal Order Markets, 1949.

Market	Estimated Average No. of producers Year 1949	Estimated annual volume of pooled milk
	<u>Number</u>	<u>1,000 lbs.</u>
Boston, Massachusetts	13,770	1,455,237
Chicago, Illinois	21,010	3,351,301
Cincinnati, Ohio	5,604	370,870
Cleveland, Ohio	7,419	657,490
Clinton, Iowa	132	15,043
Columbus, Ohio	2,411	188,042
Dayton-Springfield, Ohio	2,672	223,739
Dubuque, Iowa	215	29,883
Duluth-Superior, Minnesota-Wisconsin	1,279	99,049
Fall River, Massachusetts	243	37,436
Fort Wayne, Indiana	1,061	79,565
Kansas City, Kansas-Missouri	2,467	261,203
Knoxville, Tennessee	559	73,974
Lima, Ohio	307	25,528
Louisville, Kentucky	1,976	227,701
Lowell-Lawrence, Massachusetts	940	103,647
Minneapolis-St. Paul, Minnesota	5,622	650,872
Nashville, Tennessee	767	106,551
New Orleans, Louisiana	2,694	214,789
New York, New York	47,387	6,421,167
Omaha-Council Bluffs, Nebraska, Iowa	2,124	124,099
Paducah, Kentucky	247	18,054
Philadelphia, Pennsylvania	9,158	1,064,328
Quad Cities, Illinois-Iowa	1,477	128,475
Rockford-Freeport, Illinois	600	44,491
St. Louis, Missouri	3,590	393,668
Sioux City, Iowa	547	34,573
South Bend-LaPorte, Indiana	814	85,636
Suburban Chicago, Illinois	2,642	284,746
Toledo, Ohio	2,138	165,597
Topeka, Kansas	358	35,367
Tri-State: (Kentucky, Ohio, W. Va.)	1,609	122,746
Wichita, Kansas	621	63,214
Total, 33 markets	144,460	17,158,081

